

Solving the Small Group Health Plan Affordability Amending Nevada Stop Loss Regulations



Solving the Group Health Plan Affordability Challenge for Small Employers in Nevada

1. The Nevada small group market
2. Impact of “trend” on affordability
3. Stop-loss regulations in other states
4. Sample Level Funded Risk Structure
5. Plan options to improve affordability



State of Nevada Small Group Market

Source: U.S. Bureau of Labor Statistics (2015)

NEVADA 2015	Total Businesses	Total FTE	Total Payroll	Avg FTE / business	Avg Ann Payroll
0 to 9	36,924	95,433	4,250,957	2.6	\$ 44,544
10 to 99	9,845	231,867	8,667,528	23.6	\$ 37,381
100+	3,793	802,665	33,677,188	211.6	\$ 41,957
	50,562	1,129,965	46,595,673	22.3	\$ 41,236



State of Nevada Small Group Market

Source: U.S. Bureau of Labor Statistics (2015)

Size	Total Businesses	Total FTE	Total Payroll	Avg FTE / business	Avg Ann Payroll
0-99	46,769	327,300	12,918,485	7.00	\$ 39,470
% of Total	92%	29%	28%		

Citizens potentially covered (1.8 x FTE)	589,140
Nevada Population (2015)	2,884,000
% Citizens potentially covered	20.4%



2016 Milliman Study of “Trend”

Annual Healthcare Cost per US Family				
		2001		2015
Annual		\$ 8,414		\$ 25,826
Rx Costs		\$ 1,111		\$ 4,270
Rx as % of total		9.10%		13.60%
Employer Paid		61%		57%
Employee Paid		39%		43%

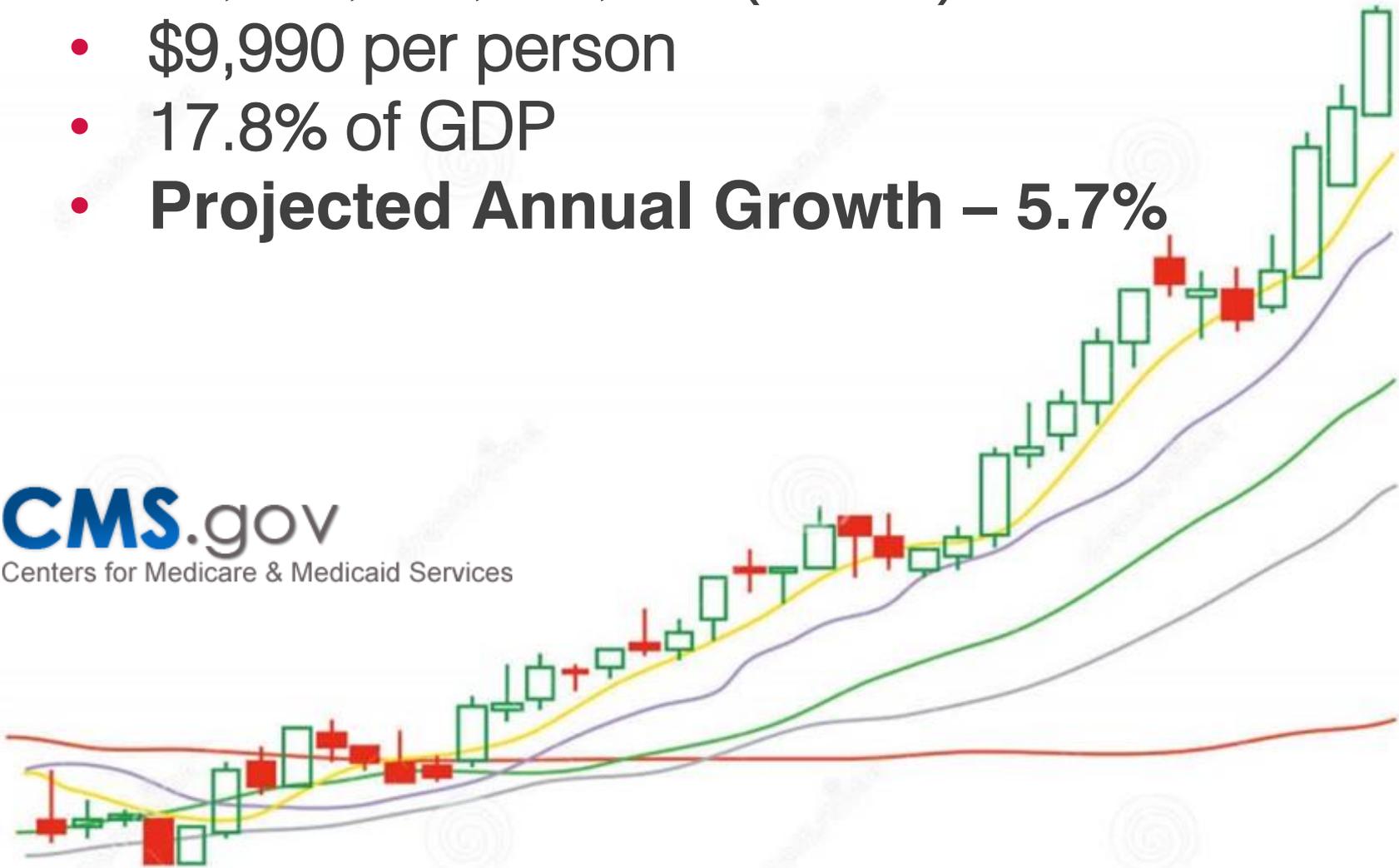
Projected Family Cost by 2020 = \$31,267

2016 Health Care Spending

- \$3,300,000,000,000 (Trillion)
- \$9,990 per person
- 17.8% of GDP
- **Projected Annual Growth – 5.7%**

CMS.gov

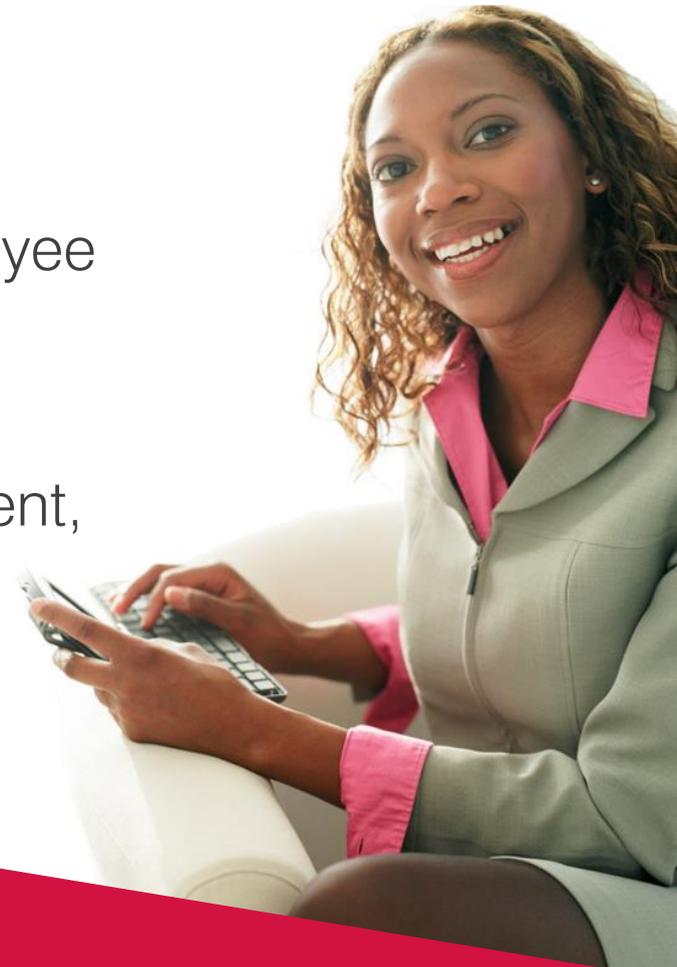
Centers for Medicare & Medicaid Services



Small Group Plans – The Real Challenge

Affordability!!!

- At what point does the Nevada small employer say *“No more plan!?”*
- At what point does the Nevada employee say *“Take me off the plan?”*
- At what point will the broker run out of affordable solutions for their client, the small employer?



Arizona, New Mexico, Wyoming, Idaho,
Nebraska, Oklahoma, Kansas, Texas, Missouri, Iowa,
Illinois, Indiana, Ohio, Tennessee, Alabama, Virginia,
South Carolina, Georgia

Small group stop loss regulations:

- Groups 2 lives or more
- Spec attachment \$10,000
- No aggregate (selected states)
- 115% or 120% aggregate (selected states)
- No “Stop Loss Disclosure” required

Sample Level-Funded Plan Risk Structure



Annual Employer Costs

Administration and Sales	\$22,072
Stop-Loss Insurance	\$46,868
Claims Fund	\$53,681
Maximum Total Costs	\$122,621

Claims Fund

Claims paid by you from Claims Fund	\$43,000
Claims paid by Specific Stop-Loss	\$50,000
Aggregate Stop-Loss pays all Claims in excess of Claims Fund	\$0
Money Back from Claims Fund	\$10,681

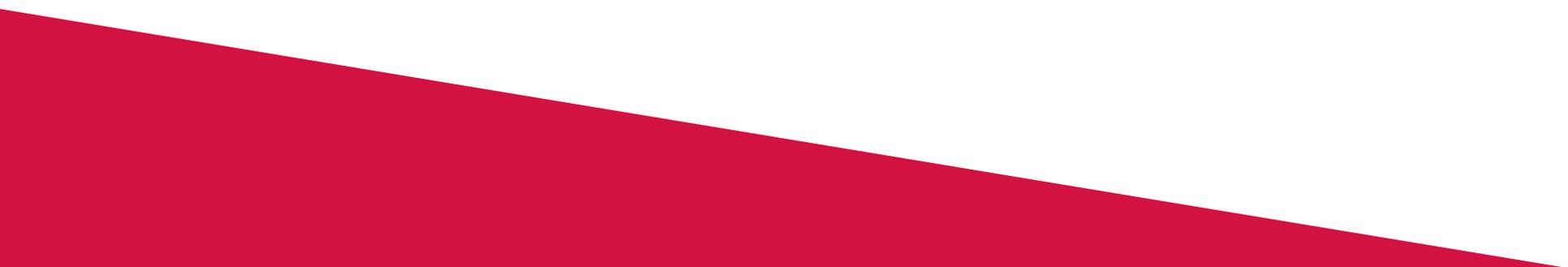
Sample States – Small Group Level Funded Plans

State	Spec	Agg Applied	Min Group	Average participants per case
Wy	10,000	115%	2	8.1
Ne	10,000	115%	2	8.9
Ks	10,000	120%	2	9.2

Options with Level-Funded Health Plans for Small Employers to improve affordability

- Customized plan designs
 - Improved employer communications
 - Detailed claims data for employer
 - Reference-based pricing options
 - Direct Primary Care plan coordination
 - Wellness with real financial incentives
 - Long-term cost control
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Carriers with Level-Funded Health Plans for Small Employers –25 or less

- Starmark – Trustmark
 - United Healthcare – All Savers
 - Allied National
 - American Trust Administrators
 - National General
 - Cigna
 - Aetna
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Impact of the \$4000 minimum aggregate rule on a small employer

		Cost - no \$4000 Min Agg	Cost - with \$4000 Min Agg
Enrolled Employees		\$ 159,204	\$ 186,604
EE - 5 ES - 4 EC - 3 Fam - 5	16		
Additional Cost			\$ 27,400
Additional Mo Cost per Employee			\$ 143
Additional Ann Cost per Employee			\$ 1,713
PPO Plan			
\$2500 ded			
\$4000 MOOP			
70% Coinsurance			
\$35 Office Co-pay			

Thank you

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